



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Award of White Slough Water Pollution Control Facility Agricultural Leases

MEETING DATE: March 18, 1998

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution awarding three leases (January 1, 1999 through December 31, 2003) for agricultural land at the City's White Slough Water Pollution Control Facility (WSWPCF) and direct the City Manager and the City Clerk to execute the lease agreements on behalf of the City.

BACKGROUND INFORMATION: The City has three agricultural lease parcels at WSWPCF (see Exhibit A). All the leases expire on December 31, 1998. At the January 7, 1998 meeting, the Council authorized the City Clerk to invite proposals for 5-year leases of the parcels. The City received bids from four bidders. The bidders and lease amounts for Parcels 1 and 3 are:

LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	5-YEAR REVENUE
<u>Parcel 1</u>				
Bechthold-Kirschenman Farms	389 ¹	\$181.00	\$70,409	\$352,340
John Viera	389	\$100.00	\$38,900	\$194,500
<u>Parcel 3</u>				
Lima Ranch	218	\$226.00	\$49,268	\$246,340
John Viera	218	\$100.00	\$21,800	\$109,000

The rent received for Parcel 1 is less than the other parcels due to the quality of soils in the area, periodic flooding of some portions, and high groundwater levels.

Three bids were received for Parcel 2. The bid documents requested two bid levels. One bid is prior to pending irrigation improvements. The second is after planned irrigation pipeline improvements are complete (about 1½ to 2 years). These improvements would have been completed, but were put on hold

¹A recent review of acreage shows this amount may be off approximately 30 acres. Parcel 1 is being surveyed, and the high bidder has stated he will accept an adjustment of the lease amount pending its results.

APPROVED: _____

H. Dixon Flynn -- City Manager

pending California Youth Soccer Association lease negotiations, which have significantly reduced revenues for this parcel. The bidders and lease amounts for each bid alternative are:

Parcel 2

Prior to Improvements 1999 - 2000

LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	2-YEAR REVENUE
Bechthold- Kirschenman Farms	270	\$171.00	\$46,170	\$ 92,340
Kaehler Dairy Farms	270	\$150.00	\$40,500	\$ 81,000
John Viera	270	\$100.00	\$27,000	\$ 54,000

Following improvements 2001 - 2003

LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	3-YEAR REVENUE
Bechthold- Kirschenman Farms	270	\$226.00	\$61,020	\$183,000
Kaehler Dairy Farms	270	\$150.00	\$40,500	\$121,500
John Viera	270	\$100.00	\$27,000	\$ 81,000

Parcel 2's present irrigation system will not enable the farmer to apply effluent/biosolids/cannery waste to the entire parcel without significant improvements. Until these improvements are implemented, the tenant must pump ground or Delta water. Thus, the bids are lower. The estimated cost of the irrigation improvements is approximately \$175,000 - 250,000.

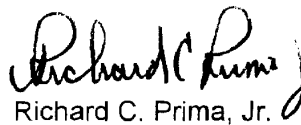
Note that the leases do not start until January 1, 1999. The Parcels 1 and 3 leases include a 6-month cancellation clause. Parcel 2's lease includes this clause plus a provision that prior to January 1, 1999, the lease can be canceled without advance notice. This allows the high bidders, who are current tenants, to begin planning their operations now.

Staff recommends that the leases be awarded to the high bidders as follow:

Bechthold-Kirschenman Farms	389-acre lease ²
Lima Ranch	218-acre lease
Bechthold-Kirschenman Farms	270-acre lease

These leases, along with the existing 5-acre Northern California Power Agency and the 12-acre San Joaquin County Mosquito and Vector Control District leases, will generate over \$968,000 during the 5-year term of these leases. In addition, Public Works staff is working with Electric Utility staff on the location of a new substation on the WSWPCF property.

FUNDING: Not applicable.



Richard C. Prima, Jr.
Public Works Director

Prepared by Fran E. Forkas, Water/Wastewater Superintendent

RCP/FEF/DK/dsg

Attachments

cc: City Attorney
Purchasing Officer
Assistant Wastewater Treatment Superintendent
Bechthold-Kirschenman Farms
Lima Ranch

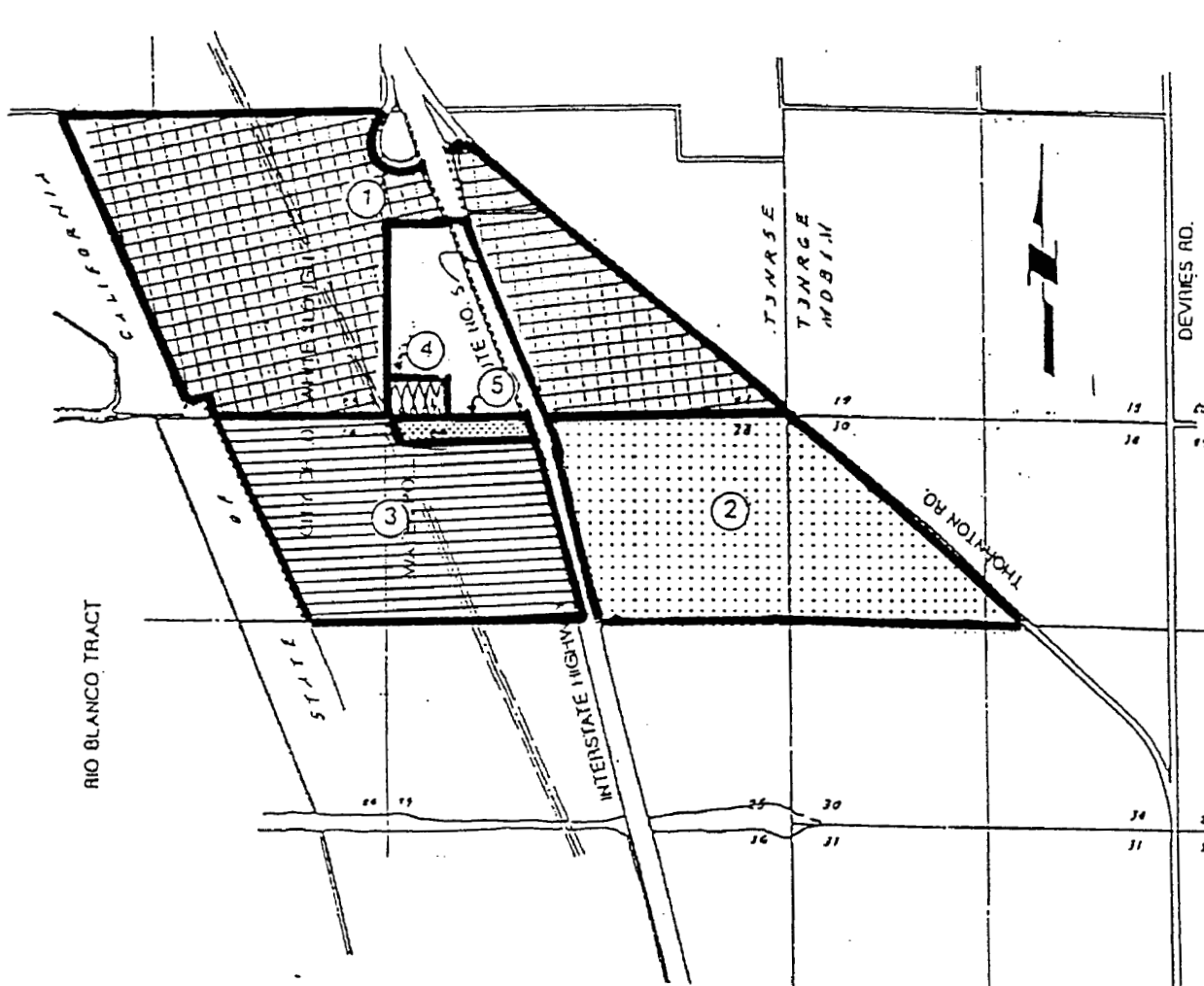
²A recent review of acreage shows this amount may be off approximately 30-acres. Parcel 1 is being surveyed, and the high bidder has stated he will accept an adjustment of the lease amount pending its results.



CITY OF LODI

PUBLIC WORKS DEPARTMENT

EXHIBIT A WHITE SLOUGH WATER POLLUTION CONTROL FACILITY LAND LEASES



NOT TO SCALE

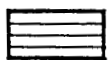
LEGEND



① 389-acre parcel leased by Bechthold-Kirschenman Farms



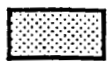
② 270-acre parcel leased by Bechthold-Kirschenman Farms



③ 218-acre parcel leased by Lima Ranch



④ 5 -acre parcel leased by Northern California Power Agency



⑤ 12-acre parcel to be leased by San Joaquin County Mosquito & Vector Control District

RESOLUTION NO. 98-43

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING THE WHITE SLOUGH WATER POLLUTION
CONTROL FACILITY AGRICULTURAL LEASES

WHEREAS, the City of Lodi has three parcels located at the White Slough Water Pollution Control Facility that are leased for agricultural purposes; and

WHEREAS, on January 7, 1998 the City Council authorized the City Clerk to invite proposals for 5-year leases on the three parcels; and

WHEREAS, the proposals received are listed as follows:

LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	5-YEAR REVENUE
Parcel 1				
Bechthold-Kirschenman Farms	389	\$181.00	\$70,409	\$352,340
John Viera	389	\$100.00	\$38,900	\$194,500
Note: Rent received for Parcel 1 is less than the other parcels due to the quality of soils in the area, periodic flooding of some portions, and high groundwater levels. Parcel 1 lease includes a six-month cancellation clause.				
LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	2-YEAR REVENUE
Parcel 2 Prior to Irrigation Improvements 1999 – 2000				
Bechthold-Kirschenman Farms	270	\$171.00	\$46,170	\$ 92,340
Kaehler Dairy Farms	270	\$150.00	\$40,500	\$ 81,000
John Viera	270	\$100.00	\$27,000	\$ 54,000
Note: Parcel 2 lease includes a six-month cancellation clause plus a provision that prior to January 1, 1999, the lease can be canceled without advance notice.				
LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	3-YEAR REVENUE
Parcel 2 Following Irrigation Improvements 2001-2003				
Bechthold-Kirschenman Farms	270	\$226.00	\$61,020	\$183,000
Kaehler Dairy Farms	270	\$150.00	\$40,500	\$121,500
John Viera	270	\$100.00	\$27,000	\$ 81,000
Note: Parcel 2 lease includes a six-month cancellation.				
LESSEE	ACREAGE	\$ACRE/YEAR	ANNUAL REVENUE	5-YEAR REVENUE
Parcel 3				
Lima Ranch	218	\$226.00	\$49,268	\$246,340
John Viera	218	\$100.00	\$21,800	\$109,000
Note: Parcel 3 lease includes a six-month cancellation clause.				

NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby award the agricultural land leases at the White Slough Water Pollution Control Facility as shown below, effective January 1, 1999 and terminating December 31, 2003:

Parcel 1	Bechthold-Kirschenman Farms	389-acre lease*
Parcel 2	Bechthold-Kirschenman Farms	270-acre lease
Parcel 3	Lima Ranch	218-acre lease

*A recent review of acreage shows this amount may be off approximately 30 acres. Parcel 1 is to be surveyed and the high bidder has stated he will accept an adjustment of the lease amount pending the results.

Dated: March 18, 1998

=====

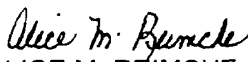
I hereby certify that Resolution No. 98-43 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 18, 1998, by the following vote:

AYES: COUNCIL MEMBERS - Johnson, Land, Mann, Pennino and
Sieglock (Mayor)

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None


ALICE M. REIMCHE
City Clerk